

Agency Proposed Budget

The following table summarizes the total executive budget proposal for the agency by year, type of expenditure, and source of funding.

Agency Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	59.07	0.00	3.30	62.37	0.00	3.30	62.37	62.37
Personal Services	3,638,215	369,923	191,066	4,199,204	377,915	191,167	4,207,297	8,406,501
Operating Expenses	1,433,528	426,925	198,500	2,058,953	427,323	198,500	2,059,351	4,118,304
Transfers	0	429,000	0	429,000	0	0	0	429,000
Total Costs	\$5,071,743	\$1,225,848	\$389,566	\$6,687,157	\$805,238	\$389,667	\$6,266,648	\$12,953,805
General Fund	5,044,574	1,225,217	389,566	6,659,357	804,607	389,667	6,238,848	12,898,205
State/Other Special	6,711	21,089	0	27,800	21,089	0	27,800	55,600
Federal Special	20,458	(20,458)	0	0	(20,458)	0	0	0
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$5,071,743	\$1,225,848	\$389,566	\$6,687,157	\$805,238	\$389,667	\$6,266,648	\$12,953,805

Agency Description

The Office of the Governor (office) exists under authority granted in Article VI of the Montana Constitution. The Governor has constitutional and statutory authority to administer the affairs of the State of Montana. The Governor appoints all military and civil officers of the state whose appointments are provided for by statute or the constitution, grants reprieves and pardons, and serves on various boards and commissions. The Governor approves or vetoes legislation, reports to the legislature on the condition of the state, and submits a biennial executive budget. The Governor also represents the state in relations with other governments and the public.

Agency Highlights

Governor's Office Major Budget Highlights	
<ul style="list-style-type: none"> ◆ Total funding increases about \$2.8 million over the doubled 2006 base amount ◆ The majority of the increases are due to statewide present law adjustments ◆ The executive proposes adding 1 FTE for computer support services and adding a student intern program ◆ The executive proposes a funding switch from federal funds to state special revenue 	
Governor's Office LFD Major Issues	
<ul style="list-style-type: none"> ◆ Governor's Office does not have specific quantifiable measures for its goals ◆ Executive Office Program may not require additional funding for maintenance costs or staff development training ◆ Performance criteria for proposed additional IT staff are not time-framed 	

Agency Discussion

Goals and Objectives:

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. As part of its appropriations deliberations the legislature may wish to review the following:

- Goals, objectives and year-to-date outcomes from the 2007 biennium
- Goals and objectives and their correlation to the 2009 biennium budget request

LFD ISSUE

Governor's Office Does Not Have Specific Quantifiable Objectives

State law requires agency and program goals and objectives to be specific and quantifiable to enable the legislature to establish appropriations policy. State agencies define their mission in statements that define the overall direction of the agency and clarify the agency's purpose and meaning. The mission is then broken into goals, specific action to be accomplished to meet the agency's mission. Goals define what the agency is trying to accomplish. Objectives, sometimes referred to as performance measures, are the segments of the goals that show how the agency will accomplish the goals. They should be specific, time-bound, and measurable to articulate the who, when, and how of the agency's plans for accomplishing the goals. This allows the legislature to ensure an agency is accountable for the resources it has been appropriated. The Governor's Office has prepared agency-wide goals but, in spite of multiple requests by the Legislative Finance Committee, has not yet developed objectives for these goals.

During FY 2006, the office reorganized its functions to add the Centralized Services Division. Funding for the division was created through appropriation and FTE transfers from the Executive Office Program and the Office of Budget and Program Planning.

Funding

The following table summarizes funding for the agency, by program and source, as recommended by the executive. Funding for each program is discussed in detail in the individual program narratives that follow.

Total Agency Funding 2009 Biennium Executive Budget				
Agency Program	General Fund	State Spec.	Grand Total	Total %
01 Executive Office Program	\$ 6,040,619	\$ -	\$ 6,040,619	46.63%
02 Governor'S Residence Operations	239,652	-	239,652	1.85%
03 Air Transportation Program	1,007,629	13,600	1,021,229	7.88%
04 Ofc Budget & Program Planning	3,106,972	-	3,106,972	23.99%
05 Coordinator Of Indian Affairs	304,546	-	304,546	2.35%
06 Centralized Services Division	708,589	-	708,589	5.47%
12 Lieutenant Governor'S Office	646,126	-	646,126	4.99%
16 Citizens' Advocate Office	137,519	42,000	179,519	1.39%
20 Mental Disabilities Bd Visitrs	706,553	-	706,553	5.45%
Grand Total	<u>\$ 12,898,205</u>	<u>\$ 55,600</u>	<u>\$ 12,953,805</u>	100.00%

The Governor's Office is almost entirely funded through general fund. State special revenue is generated through rental charges to other state agencies for use of the Governor's airplane. These revenues declined 69 percent over the FY 2006 base budget request due to increased use of the plane by the Governor. The office is proposing switching funding for a portion of the Citizen Advocate's Office from federal special revenue to state special revenue due to a recommendation from the Legislative Audit Division.

Biennium Budget Comparison

The following table compares the executive budget request in the 2009 biennium with the 2007 biennium by type of expenditure and source of funding. The 2007 biennium consists of actual FY 2006 expenditures and FY 2007 appropriations.

Biennium Budget Comparison								
Budget Item	Present Law Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	Present Law Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Biennium Fiscal 06-07	Total Exec. Budget Fiscal 08-09
FTE	59.07	3.30	62.37	59.07	3.30	62.37	59.07	62.37
Personal Services	4,008,138	191,066	4,199,204	4,016,130	191,167	4,207,297	7,572,431	8,406,501
Operating Expenses	1,860,453	198,500	2,058,953	1,860,851	198,500	2,059,351	3,216,578	4,118,304
Transfers	429,000	0	429,000	0	0	0	0	429,000
Total Costs	\$6,297,591	\$389,566	\$6,687,157	\$5,876,981	\$389,667	\$6,266,648	\$10,789,009	\$12,953,805
General Fund	6,269,791	389,566	6,659,357	5,849,181	389,667	6,238,848	10,648,658	12,898,205
State/Other Special	27,800	0	27,800	27,800	0	27,800	98,691	55,600
Federal Special	0	0	0	0	0	0	41,660	0
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$6,297,591	\$389,566	\$6,687,157	\$5,876,981	\$389,667	\$6,266,648	\$10,789,009	\$12,953,805

The 2009 biennium budget increases \$2.1 million as compared to the 2007 biennial budget. The entire increase is funded with general fund. Present law adjustments to the personal services base comprise about 35 percent of the increase. New proposals to rebuild the engines in the Governor's plane and establish an office in Washington, D.C. make up 20 percent and 28 percent, respectively, of the increase. The remaining 17 percent of the increase is due to a combination of present law adjustments for inflation/deflation, fixed costs, requests for re-establishment of one-time only appropriations and new proposals for student interns and IT staff.

New Proposals

The "New Proposals" table summarizes all new proposals requested by the executive. Descriptions and LFD discussion of each new proposal are included in the individual program narratives.

New Proposals										
Program	-----Fiscal 2008-----					-----Fiscal 2009-----				
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4 - Additional IT Support for Governor's Office										
06	1.00	70,232	0	0	70,232	1.00	70,254	0	0	70,254
DP 7 - Student Intern Executive Office										
01	0.40	9,682	0	0	9,682	0.40	9,686	0	0	9,686
DP 8 - Student Intern OBPP										
04	0.40	9,682	0	0	9,682	0.40	9,686	0	0	9,686
DP 101 - Federal Relations Office										
01	1.50	299,970	0	0	299,970	1.50	300,041	0	0	300,041
Total	3.30	\$389,566	\$0	\$0	\$389,566	3.30	\$389,667	\$0	\$0	\$389,667

Program Proposed Budget

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	21.63	0.00	1.90	23.53	0.00	1.90	23.53	23.53
Personal Services	1,502,817	53,416	118,652	1,674,885	54,263	118,727	1,675,807	3,350,692
Operating Expenses	833,344	314,541	191,000	1,338,885	326,698	191,000	1,351,042	2,689,927
Total Costs	\$2,336,161	\$367,957	\$309,652	\$3,013,770	\$380,961	\$309,727	\$3,026,849	\$6,040,619
General Fund	2,336,161	367,957	309,652	3,013,770	380,961	309,727	3,026,849	6,040,619
State/Other Special	0	0	0	0	0	0	0	0
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$2,336,161	\$367,957	\$309,652	\$3,013,770	\$380,961	\$309,727	\$3,026,849	\$6,040,619

Program Description

The Executive Office Program aids the Governor in overseeing and coordinating the activities of the executive branch of Montana state government. The program provides administrative, legal, and press support for the Office of the Governor. The Executive Office Program also administers programs with special impact on the citizens and governmental concerns of Montana. Special programs include the Office of Economic Development, which was created to strengthen the foundations of the state's business environment and diversify and expand existing economic endeavors to achieve long-term economic stability.

Program Highlights

Executive Office Program Major Budget Highlights
<ul style="list-style-type: none"> ◆ Statewide present law adjustments for personal services account for the majority of the increases in the program ◆ Executive proposes transferring the executive protection function to the Department of Justice ◆ Program proposes student interns to assist with various office functions
Executive Office Program Major LFD Issues
<ul style="list-style-type: none"> ◆ Executive Office Program may not require additional funding for maintenance costs or staff development training

Program Narrative

The Executive Office Program 2009 biennium budget request is \$1.4 million higher over the biennium as compared to the FY 2006 base budget. The base was reduced by \$243,724 due to a transfer of appropriation authority for prisoner extradition to the Department of Corrections. The base was also reduced by \$134,144 due to an office reorganization that created the Centralized Services Division, transferring 2.00 FTE and related personal services and operating costs. Finally, the executive is proposing to transfer the executive protection function and related expenditures to the Department of Justice which offsets a portion of the present law adjustments.

The Office of Economic Development's (office) funding of \$785,767 is included in the Executive Office Program. The office also has a biennial appropriation for marketing and business recruitment of \$600,000. Included in the FY 2006 base budget are program expenditures of \$126,300 relating to the biennial appropriation. About \$56,000 was expended

for personal services and the remainder for operating costs including consulting and professional services, advertising, and meetings and conferences.

The increase in operating costs under present law base adjustments is attributable to reestablishing appropriation authority for the marketing and business recruitment program. As stated above, in FY 2006 the office expended \$126,300 of the \$300,000 annual appropriation. As of December 5, 2006, \$158,000 of the remaining \$475,000 appropriation had been expended. At the current rate of expenditure, the office will expend a total of \$379,200 by the end of the fiscal year.

2007 New Initiative Update

Marketing Montana and Business Recruitment Program

The Marketing Montana and Business Recruitment Program contracted for national advertising, developed a web portal, conducted travel to local economic development organizations, and redesigned and published materials based on core businesses in which Montana has a competitive edge.

Rail Service Competition Council

The Rail Service Competition Council formed three subcommittees, one to evaluate taxation, one to develop strategies to gain rail capacity and increase competition, and one to develop advice and recommendation to the Department of Transportation. Work on these projects is ongoing. They also contracted for a study on competition issues and solutions.

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Executive Office Program						
Program Funding		Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009
01000 Total General Fund		\$ 2,336,161	100.0%	\$ 3,013,770	100.0%	\$ 3,026,849
01100 General Fund		<u>2,336,161</u>	<u>100.0%</u>	<u>3,013,770</u>	<u>100.0%</u>	<u>3,026,849</u>
Grand Total		<u>\$ 2,336,161</u>	<u>100.0%</u>	<u>\$ 3,013,770</u>	<u>100.0%</u>	<u>\$ 3,026,849</u>

The Executive Office Program is funded entirely with general fund, which increases only slightly due to the reduction for the transfer of executive protection to the Department of Justice. The Rail Service Competition Council is funded through a state special revenue highway account transfer from the Department of Transportation. This funding is not included in the base.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
Fiscal 2008					Fiscal 2009					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				113,122					113,996	
Vacancy Savings				(59,706)					(59,733)	
Inflation/Deflation				5,285					5,572	
Fixed Costs				14,474					26,344	
Total Statewide Present Law Adjustments				\$73,175					\$86,179	
DP 1 - Marketing Montana and Business Recruitment										
0.00	373,695	0	0	373,695	0.00	373,695	0	0	373,695	
DP 5 - Executive Protection Reduction										
0.00	(93,913)	0	0	(93,913)	0.00	(93,913)	0	0	(93,913)	
DP 6 - Governor's Office OTO Partial Reauthorization										
0.00	15,000	0	0	15,000	0.00	15,000	0	0	15,000	
Total Other Present Law Adjustments										
0.00	\$294,782	\$0	\$0	\$294,782	0.00	\$294,782	\$0	\$0	\$294,782	
Grand Total All Present Law Adjustments				\$367,957					\$380,961	

LFD COMMENT

The annual statewide present law personal services adjustment is a 3.6 percent increase over the personal services base. Of the 23.53 FTE in the executive 2009 biennium budget request, 14 are exempt from the state pay plan. About \$27,000 of the \$113,000 annual personal services increase is attributable to annualizing the pay plan approved in HB 447 of the 2005 Legislature on the remaining 9 positions, while \$41,000 is to restore funding for vacancies not included in the base. The remaining \$45,000 is for salary increases for exempt positions that do not receive pay plan increases in HB 447, and increases in employee benefit costs.

The Governor's salary increase is defined in statute and is included in the statewide present law adjustments. Salary increases for other exempt positions within the office are not defined. The average salary increase for these positions was a 7.2 percent increase over the FY 2006 base. However the actual amounts of the salary adjustments ranged from a decrease of 19.5 percent to an increase of 53 percent over the FY 2006 base budget request for the positions. Present law adjustments for personal services increase 3.6 percent over the FY 2006 personal services base budget.

DP 1 Marketing Montana and Business Recruitment – The executive recommends an increase of \$373,695 each year of the biennium to bring the appropriation for this program to \$500,000 annually.

LFD ISSUE**Additional Funding Request Needs Goals and Measurable Objectives**

The decision package appears to be a new proposal to expand current services beyond what the 2005 Legislature approved for services in the base year. The legislature may wish to consider this a new proposal rather than a present law adjustment.

The 2005 Legislature established the Marketing Montana and Business Recruitment Program (program) with a biennial appropriation of \$600,000. In the first year of the program, the office expended 21 percent of the biennial amount. In FY 2007 LFD estimates the program will expend 80 percent of the remaining \$475,000 appropriated. The executive request increases the appropriation for this program by 67 percent over the original appropriation of \$600,000.

**LFD
ISSUE
CONT.**

As discussed above in the 2007 new program update, the program used the 2007 biennium appropriation to contract for national advertising, develop a web portal, conduct travel to local economic development organizations, and redesign and publish marketing materials based on Montana “core” businesses identified by the previous administration. The costs for these activities are partially included in the FY 2006 base amount with the remainder expended in FY 2007.

The program submitted 3 reports to the Legislative Finance Committee on their progress and activities over the course of the 2007 biennium, including achieving their overall target of 750 new jobs from marketing and business development activities within the current appropriation amounts.

Additional activities discussed for the additional \$400,000 in appropriations include creating and developing marketing materials for local economic development organizations, industry and company target research, creation of in-state and out-of-state recruitment teams and recruitment deal construction, marketing and closure.

The program was able to achieve its overall goal for establishing 750 new jobs by November 2006 expending about \$284,000 of the biennial appropriation. The executive request does not define the goals and measurable objectives for program achievement using the additional funding, how the additional activities will fit into the program goals, or the specific costs associated with each activity.

The legislature may wish to request the program present goals, measurable objectives, and the additional costs associated with their achievement as part of their consideration of increasing the biennial appropriation by \$400,000 of general fund.

DP 5 - Executive Protection Reduction - Projected expenses for executive protection for FY06 would be removed from the FY 2006 base. These funds were used to pay the Department of Justice for expenses incurred by the Montana Highway Patrol for their executive protection duties. The executive is proposing including these costs directly in the Department of Justice budget for the next biennium.

DP 6 - Governor's Office OTO Partial Reauthorization - The executive requests \$15,000 for on-going maintenance costs for technology upgrades and staff development training.

**LFD
ISSUE**

Executive Office Program may not Require Additional Funding for Maintenance Costs or Staff Development

The Executive Office Program appears to have sufficient appropriation authority included in the FY 2006 base for on-going maintenance cost and staff development training costs of \$15,000. Included in the FY 2006 base is about \$24,000 for in-state and out-of-state airplane rental associated with plane maintenance completed in three separate periods over FY 2006 in Denver, and helicopter rental. In addition, the Air Transportation Program incurred \$14,600 in aircraft rental costs. The executive anticipates servicing the plane in Billings in the future, significantly reducing the number of days each year the plane is unavailable for flights and reducing the amount of rental costs. The savings in airplane rental costs would be available for on-going maintenance costs for technology upgrades and staff development and training costs.

New Proposals

New Proposals										
-----Fiscal 2008-----						-----Fiscal 2009-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 7 - Student Intern Executive Office										
01	0.40	9,682	0	0	9,682	0.40	9,686	0	0	9,686
DP 101 - Federal Relations Office										
01	1.50	299,970	0	0	299,970	1.50	300,041	0	0	300,041
Total	1.90	\$309,652	\$0	\$0	\$309,652	1.90	\$309,727	\$0	\$0	\$309,727

DP 7 - Student Intern Executive Office - Governor's Office requests funding for several student intern positions for summer and other part-time work.

**LFD
COMMENT**

During the current biennium, the executive used modified positions and vacancy savings to fund intern positions. The college interns assist the executive with research, web development, and entering documents into the new correspondence and constituent tracking system implemented over the 2007 biennium. Expenditures for the intern position were \$17,243 in FY 2006.

DP 101 - Federal Relations Office - The budget request includes approximately \$300,000 of general fund annually to fund personal services and operating costs for 1.50 FTE to staff an office for the State of Montana in Washington, D.C. The staff would promote Montana and identify and coordinate issues related to Montana and its citizens.

**LFD
ISSUE**

Program Goals, Objectives, Program Activities and Allocated Costs Not Defined

Many new or expand proposals presented to the legislature for consideration have included defined goals, objectives, program activities, and allocated costs associated with attaining the goals as requested by the LFC. As this request was added by the executive after the requests for this information was finalized by the LFD, it did not include the goals and measurable objectives for program achievement and how this would interrelate to the requested funding, what the specific program activities would include, how the activities would address program goals, or the specific costs associated with each activity. Governor's Office staff indicate the general goal of the program would be to provide a liaison between the federal government and the state of Montana government in relation to Congressional legislation.

The legislature may wish to request the program present goals, measurable objectives, program activities to address the goals and objectives, and the costs associated with their achievement as part of their consideration of the appropriation for the federal relations office.

Program Proposed Budget

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	1.50	0.00	0.00	1.50	0.00	0.00	1.50	1.50
Personal Services	56,061	1,693	0	57,754	1,928	0	57,989	115,743
Operating Expenses	32,275	29,432	0	61,707	29,927	0	62,202	123,909
Total Costs	\$88,336	\$31,125	\$0	\$119,461	\$31,855	\$0	\$120,191	\$239,652
General Fund	88,336	31,125	0	119,461	31,855	0	120,191	239,652
Total Funds	\$88,336	\$31,125	\$0	\$119,461	\$31,855	\$0	\$120,191	\$239,652

Program Description

The Governor's Residence Operations Program provides for the day-to-day operations of the official state Executive Residence.

Program Highlights

Governor's Residence Operations Program Major Budget Highlights	
◆	Increases to the program's budget are the result of statewide present law adjustments
◆	Maintenance of OTO appropriation for increased program costs

Program Narrative

The Governor's Residence Operation Program 2009 biennium budget request is about 35 percent higher over the biennium as compared to the FY 2006 base budget. The majority of the increase is for one-time-only appropriations relating to the increased costs of having a Governor and his family in residence at the mansion.

The 2005 Legislature approved restoring \$18,500 annually to the program to return funding to the FY 2000 expenditure level. In FY 2006, allocation of the expenses included:

- Offsetting \$5,000 in additional personal services
- \$3,000 in increases in other costs including janitorial services, printing, and additional security and protection costs
- \$10,500 of additional supplies and materials including additional food and housekeeping costs not included in the FY 2006 budget request

The program also received a one-time only appropriation of \$25,000 for increased activities and related costs of the Governor's mansion. In FY 2006, \$23,822 of the \$25,000 appropriation was used. Food and housekeeping costs were about \$20,000 and there were about \$3,000 in additional household expenses. Remaining costs included minor equipment and communications. These costs are not reflected in the base, however they were a cost of maintaining the mansion in FY 2006. The executive is again requesting the \$25,000 one-time only annual appropriation as part of the FY 2009 present law adjustments.

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Governor'S Residence Ope						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 88,336	100.0%	\$ 119,461	100.0%	\$ 120,191	100.0%
01100 General Fund	88,336	100.0%	119,461	100.0%	120,191	100.0%
Grand Total	<u>\$ 88,336</u>	<u>100.0%</u>	<u>\$ 119,461</u>	<u>100.0%</u>	<u>\$ 120,191</u>	<u>100.0%</u>

This program is funded with general fund.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				4,100					4,344
Vacancy Savings				(2,407)					(2,416)
Inflation/Deflation				784					1,091
Fixed Costs				3,648					3,836
Total Statewide Present Law Adjustments				\$6,125					\$6,855
DP 3 - Re-authorize Governor's Residence OTO Appropriatio	0.00	25,000	0	25,000	0.00	25,000	0	0	25,000
Total Other Present Law Adjustments	0.00	\$25,000	\$0	\$25,000	0.00	\$25,000	\$0	\$0	\$25,000
Grand Total All Present Law Adjustments				\$31,125					\$31,855

LFD COMMENT

Statewide present law adjustments increase the Governor's Residence Operations Program by \$12,251 over the doubled FY 2006 base. As with the majority of the Governor's Office programs, personal services increases account for the majority of the increases. The annual statewide present law adjustment is 7.3 percent over the personal services base and is attributable to annualizing the pay plan approved by the 2005 Legislature.

DP 3 - Re-authorize Governor's Residence OTO Appropriation - In FY 2006 and FY 2007, the Governor's Residence Operations Program received a one-time-only appropriation of \$25,000 per year for operations of the residence. The legislature determined the base budget year for FY 2004 was not reflective of a Governor and family who were full-time residents of the executive mansion.

LFD COMMENT

If the legislature wishes to continue to examine the expenditures related to the increased costs associated with the operations of the Governor's mansion they may continue the one-time designation of these funds. However, by continuing this designation, the legislature removes from the base costs which appear to be necessary to operating the Governor's residence. This could impact future Governors' ability to operate within the program budget.

Program Proposed Budget

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	1.50	0.00	0.00	1.50	0.00	0.00	1.50	1.50
Personal Services	89,567	9,386	0	98,953	9,797	0	99,364	198,317
Operating Expenses	197,716	(797)	0	196,919	(723)	0	196,993	393,912
Transfers	0	429,000	0	429,000	0	0	0	429,000
Total Costs	\$287,283	\$437,589	\$0	\$724,872	\$9,074	\$0	\$296,357	\$1,021,229
General Fund	280,572	437,500	0	718,072	8,985	0	289,557	1,007,629
State/Other Special	6,711	89	0	6,800	89	0	6,800	13,600
Total Funds	\$287,283	\$437,589	\$0	\$724,872	\$9,074	\$0	\$296,357	\$1,021,229

Program Description

The Air Transportation Program provides the Governor with air transportation.

Program Highlights

Air Transportation Program Major Budget Highlights	
◆	Increases to the program's budget are the result of statewide present law adjustments
Major LFD Issue	
◆	Transfer of general fund into state special revenue account unnecessary

Program Narrative

The Air Transportation Program biennium budget increases \$17,420 over the biennium as compared with the FY 2006 base budget. The increases are due to statewide present law adjustments.

The 2007 biennium budget included an increase of \$75,000 annually for additional operating costs associated with increased use of the Governor's aircraft. The Air Transportation Program expended \$71,000 of this increase for additional operating costs in FY 2006 to:

- pay \$26,000 in personal services above the budget requested for experienced FTE to run the program (partially offset by a reduction in training costs)
- assist with additional charges in gasoline of \$43,000 above the amount budgeted for the period
- cover a portion of \$5,000 in in-state aircraft rental above the amount budgeted in FY 2006

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table							
Air Transportation Progr							
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009	
01000 Total General Fund	\$ 280,572	97.7%	\$ 718,072	99.1%	\$ 289,557	97.7%	
01100 General Fund	280,572	97.7%	718,072	99.1%	289,557	97.7%	
02000 Total State Special Funds	6,711	2.3%	6,800	0.9%	6,800	2.3%	
02693 Air Transportation Special Rev	6,711	2.3%	6,800	0.9%	6,800	2.3%	
Grand Total	<u>\$ 287,283</u>	<u>100.0%</u>	<u>\$ 724,872</u>	<u>100.0%</u>	<u>\$ 296,357</u>	<u>100.0%</u>	

The majority of this program is funded with general fund. State special revenue generated from rental charges to other state agencies for use of the Governor's airplane offsets about \$6,700 of the program costs. During the 2007 biennium, \$20,000 in state special revenue funds was appropriated. The funds were to be generated through rental charges to other state agencies for use of the Governor's plane. In FY 2006 only \$6,711 was collected in state special revenue due to the Governor's use of the plane which limited it's availability to other state agencies. As a result a greater percentage of general fund is used for this program in the 2009 biennium.

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the Governor. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				13,510					13,937
Vacancy Savings				(4,124)					(4,140)
Fixed Costs				(797)					(723)
Total Statewide Present Law Adjustments				\$8,589					\$9,074
DP 9 - Aircraft Engine Overhaul Contingency OTO	0.00	429,000	0	0	429,000	0.00	0	0	0
Total Other Present Law Adjustments	0.00	\$429,000	\$0	\$0	\$429,000	0.00	\$0	\$0	\$0
Grand Total All Present Law Adjustments				\$437,589					\$9,074

LFD COMMENT

Personal services account for all the increases with the exception of a reduction in fixed costs allocated to this program. The annual statewide present law adjustment is 10.5 percent over the personal services base. \$3,600 of the \$13,500 increase is attributable to pay plan increases approved by the 2005 Legislature in HB 447. Since the snapshot for developing the 2007 biennium budget, the program hired FTE above the entry level budgeted by the 2005 Legislature. The additional personal service costs are associated with higher salary levels.

DP 9 Aircraft Engine Overall Contingency OTO – The Air Transportation Program participates in the “MORE” program for the Governor’s state plane. The “MORE” program authorizes operation of plane engines up to 8,000 of flying hours without overhaul through maintenance, inspections, and testing criteria required for program participation. The Governor’s plane currently has about 6,000 hours of recorded flying hours. The request is for a one-time-only general fund appropriation transfer of \$429,000 to a state special revenue fund. The state special revenue funds would be used in the event the engines failed the required tests and inspections necessitating an engine overhaul.

**LFD
COMMENT**

The legislature supported participation in the “MORE” program to extend the useful life of the plane’s engines. According to the Air Transportation Program staff, the program extends the life of the aircraft’s engines to between 6,000 and 8,000 hours of flying time before an engine overhaul is required. Once tests of the aircraft engines determine the engine overhaul is necessary, the plane is grounded from further flying until the overhaul occurs. As the engines have 6,000 hours of flying time currently, the potential that the engines will require overhaul in this biennium is increased. In addition to this appropriation, the Governor proposed a language appropriation to spend funds in the state special revenue account.

**LFD
ISSUE**
Transfer of General Fund into State Special Revenue Account Unnecessary

The executive’s proposal to transfer general fund into the state special revenue account in case the engine overhaul is needed is unnecessary. The legislature can restrict the general fund appropriation to funding the engine overhaul and designate it as a one-time-only appropriation of funds. The language suggested by the executive is then also unnecessary. Appropriating the funds in this manner not only simplifies the transaction, it ensures expenditures relating to the engine overhaul are only recorded once. The transaction as suggested by the executive would record the expenditure twice, once as a transfer of general fund to the state special revenue fund and again when the engine overhaul occurs. In addition, appropriation is not necessary to transfer funds within the state treasury. A transfer is not an appropriation and consequently is not appropriate to include in HB 2.

Language

"There is appropriated to Air Transportation Program up to \$429,000 state special revenue. The appropriation is contingent upon the determination, as mandated by the "MORE" program, that an engine overhaul becomes necessary before the aircraft can fly again. The state special revenue funds may be used only to conduct the engine overhaul."

Program Proposed Budget

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	19.00	0.00	0.40	19.40	0.00	0.40	19.40	19.40
Personal Services	1,138,869	208,469	9,682	1,357,020	213,133	9,686	1,361,688	2,718,708
Operating Expenses	171,853	21,810	0	193,663	22,748	0	194,601	388,264
Total Costs	\$1,310,722	\$230,279	\$9,682	\$1,550,683	\$235,881	\$9,686	\$1,556,289	\$3,106,972
General Fund	1,310,722	230,279	9,682	1,550,683	235,881	9,686	1,556,289	3,106,972
State/Other Special	0	0	0	0	0	0	0	0
Federal Special	0	0	0	0	0	0	0	0
Proprietary	0	0	0	0	0	0	0	0
Total Funds	\$1,310,722	\$230,279	\$9,682	\$1,550,683	\$235,881	\$9,686	\$1,556,289	\$3,106,972

Program Description

The Office of Budget and Program Planning (OBPP) assists the Governor in preparing the Governor's executive budget and administering the state government budget. In addition, OBPP prepares and monitors revenue estimates and collections, prepares and publishes fiscal notes on proposed legislation and initiatives, and acts as the approving authority for operational plan changes, program transfers, and budget amendments in the executive branch, in accordance with Title 17, Chapter 7, MCA. OBPP also acts as the lead executive branch agency for compliance with the federal Single Audit Act.

Program Highlights

Office of Budget and Program Planning Major Budget Highlights	
◆	Increases are attributed to statewide present law adjustments and legislative session costs
◆	OBPP proposes a student intern for the program

Program Narrative

In FY 2006, OBPP's base was reduced by \$48,156 due to a reorganization which created the Centralized Services Division. Transfers included 1.0 FTE and the related personal services and operating costs associated with the position.

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Ofc Budget & Program Pla						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$1,310,722	100.0%	\$1,550,683	100.0%	\$1,556,289	100.0%
01100 General Fund	1,310,722	100.0%	1,550,683	100.0%	1,556,289	100.0%
Grand Total	<u>\$1,310,722</u>	<u>100.0%</u>	<u>\$1,550,683</u>	<u>100.0%</u>	<u>\$1,556,289</u>	<u>100.0%</u>

This program is funded with general fund.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
Fiscal 2008					Fiscal 2009					
	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services					264,887					269,746
Vacancy Savings					(56,418)					(56,613)
Inflation/Deflation					230					248
Fixed Costs					21,580					10,000
Total Statewide Present Law Adjustments					\$230,279					\$223,381
DP 1 - OBPP Session Costs	0.00	0	0	0	0	0.00	12,500	0	0	12,500
Total Other Present Law Adjustments	0.00	\$0	\$0	\$0	\$0	0.00	\$12,500	\$0	\$0	\$12,500
Grand Total All Present Law Adjustments					\$230,279					\$235,881

LFD COMMENT

The annual statewide present law adjustment for personal services is a 23.3 percent increase over the personal services base. About \$76,000 is attributable to the annualized cost of the pay plan increases approved by the 2005 Legislature. The program experienced a vacancy rate in authorized FTE hours of 12.1 percent during the base year. Had no vacancies existed, base expenditures would have been roughly \$77,000 higher. The remaining \$112,000 funds salary increases above those funded in the pay plan, health insurance, and other employee benefit cost increases.

DP 1 - OBPP Session Costs – The executive requests \$12,500 in the second year of the biennium for costs associated with cyclical printing of the executive budget.

New Proposals

New Proposals										
Fiscal 2008					Fiscal 2009					
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 8 - Student Intern OBPP										
04	0.40	9,682	0	0	9,682	0.40	9,686	0	0	9,686
Total	0.40	\$9,682	\$0	\$0	\$9,682	0.40	\$9,686	\$0	\$0	\$9,686

DP 8 - Student Intern OBPP - Office requests funding and FTE for student interns for summer work experience, or legislative session work experience which would benefit both the office and the student.

LFD COMMENT

During the current biennium, OPBB used modified positions and vacancy savings to fund intern positions. The college interns assisted OBPP with research and web development in FY 2006. Expenditures for the intern position were \$7,295 in FY 2006.

Program Proposed Budget

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	2.00	0.00	0.00	2.00	0.00	0.00	2.00	2.00
Personal Services	118,228	16,227	0	134,455	16,288	0	134,516	268,971
Operating Expenses	16,202	1,355	0	17,557	1,816	0	18,018	35,575
Total Costs	\$134,430	\$17,582	\$0	\$152,012	\$18,104	\$0	\$152,534	\$304,546
General Fund	134,430	17,582	0	152,012	18,104	0	152,534	304,546
State/Other Special	0	0	0	0	0	0	0	0
Federal Special	0	0	0	0	0	0	0	0
Total Funds	\$134,430	\$17,582	\$0	\$152,012	\$18,104	\$0	\$152,534	\$304,546

Program Description

The Coordinator of Indian Affairs Program serves as the Governor's liaison with state Indian tribes, provides information and policy support on issues confronting the Indians of Montana, and advises and makes recommendations on these issues to the legislative and executive branches. The coordinator also serves the Montana congressional delegation as an advisor and intermediary in the field of Indian affairs and acts as spokesperson for representative Native American organizations and groups, both public and private, whenever that support is requested. The program is mandated by 2-15-217 and 90-11-101, MCA.

The State-Tribal Economic Development Commission is charged with promoting economic development on Indian reservations in Montana. The 10 commission members are appointed by the Governor and the commission is administratively attached to the Governor's Office.

Program Highlights

Coordinator of Indian Affairs Major Budget Highlights	
◆	General fund increases due to statewide present law adjustments

Program Narrative

The 1999 Legislature created the State-Tribal Economic Development Commission to enable economic development on the state Indian reservations. The legislature provided an appropriation of \$200,000 general fund to create a state special revenue account to provide funding for the statutorily established activities of the commission. Since then the legislature has appropriated the balance in the state special revenue account to the commission. The account had an ending fund balance for FY 2006 of \$98,463. The legislation authorizing the commission is set to expire at the end of FY 2009.

The 2005 Legislature appropriated \$500,000 annually from Department of Commerce funding for Indian economic development. Contracts for FY 2006 are in place with each of the seven tribal reservations and the Little Shell Tribe.

The executive is recommending eliminating the sunset clause for the State-Tribal Economic Development Commission, expanding the funding and commission participants, and transferring it to the Department of Commerce. See the comments under in Section C of the Budget Analysis for a discussion of this request.

**LFD
ISSUE**

Since its inception in 1999, the legislature has appropriated federal revenue authority to the commission in the event it receives federal grants for economic development. In the 2007 biennium this appropriation was \$2.0 million. Since its inception the commission has not received federal grants. In light of this, the legislature may wish to consider if it wishes to continue to grant federal appropriation authority to the commission.

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

The Indian Affairs Program is funded with general fund.

Program Funding Table						
Centralized Services Div						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 220,305	100.0%	\$ 361,905	100.0%	\$ 346,684	100.0%
01100 General Fund	220,305	100.0%	361,905	100.0%	346,684	100.0%
Grand Total	<u>\$ 220,305</u>	<u>100.0%</u>	<u>\$ 361,905</u>	<u>100.0%</u>	<u>\$ 346,684</u>	<u>100.0%</u>

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
Fiscal 2008					Fiscal 2009				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				21,830					21,892
Vacancy Savings				(5,603)					(5,604)
Inflation/Deflation				108					129
Fixed Costs				1,247					1,687
Total Statewide Present Law Adjustments				\$17,582					\$18,104
Grand Total All Present Law Adjustments				\$17,582					\$18,104

**LFD
COMMENT**

Personal services statewide present law adjustments increase by 18.5 percent over the FY 2006 personal services base. About \$7,800 of the annual increase is attributable to annualizing the pay plan approved in HB 447 approved by the 2005 Legislature. The remaining \$14,000 in increases is attributed to a combination of funding to restore base year vacancies, salary or pay grade adjustments not funded in the pay plan, and increases related to benefits costs such as the increase in health insurance benefits.

Program Proposed Budget

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	3.00	0.00	1.00	4.00	0.00	1.00	4.00	4.00
Personal Services	164,527	17,810	62,732	245,069	18,392	62,754	245,673	490,742
Operating Expenses	55,778	53,558	7,500	116,836	37,733	7,500	101,011	217,847
Total Costs	\$220,305	\$71,368	\$70,232	\$361,905	\$56,125	\$70,254	\$346,684	\$708,589
General Fund	220,305	71,368	70,232	361,905	56,125	70,254	346,684	708,589
Total Funds	\$220,305	\$71,368	\$70,232	\$361,905	\$56,125	\$70,254	\$346,684	\$708,589

Program Description

The Centralized Services Division provides business services to all programs within the Governor's Office. Services include payroll and personnel, accounting, central asset management and computer replacement, data processing, and budget preparation and monitoring for the entire office.

Program Highlights

Centralized Services Division Major Budget Highlights
<ul style="list-style-type: none"> ◆ General fund increases are primarily due to statewide present law adjustments ◆ The executive proposes FTE to provide IT support for the Governor's Office
Centralized Services Division Major LFD Issues
<ul style="list-style-type: none"> ◆ Performance criteria for proposed IT support are not time-framed

Program Narrative

The Governor's Office reorganized its operations in FY 2006 and created the Centralized Services Program. FTE and funding were transferred from the Executive Office Program and the Office of Budget and Program Planning Program. The transfers included:

- 2.0 FTE, \$124,002 in personal services, and \$50,878 in operating costs from the Executive Office Program. A portion of the operating costs were for computer equipment and were funded using a one-time-only appropriation
- 1.0 FTE, \$42,745 in personal services, and \$5,411 in operating costs from the Office of Budget and Program Planning Program

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table						
Coordinator Of Indian Affairs						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 134,430	100.0%	\$ 152,012	100.0%	\$ 152,534	100.0%
01100 General Fund	134,430	100.0%	152,012	100.0%	152,534	100.0%
Grand Total	<u>\$ 134,430</u>	<u>100.0%</u>	<u>\$ 152,012</u>	<u>100.0%</u>	<u>\$ 152,534</u>	<u>100.0%</u>

This program is funded with general fund.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				25,407					26,013
Vacancy Savings				(7,597)					(7,621)
Fixed Costs				36,458					1,933
Total Statewide Present Law Adjustments				\$54,268					\$20,325
DP 2 - Computer Replacement									
0.00	17,100	0	0	17,100	0.00	35,800	0	0	35,800
Total Other Present Law Adjustments									
0.00	\$17,100	\$0	\$0	\$17,100	0.00	\$35,800	\$0	\$0	\$35,800
Grand Total All Present Law Adjustments				\$71,368					\$56,125

LFD COMMENT

The annual statewide present law personal services adjustment is about 15.4 percent higher than the FY 2006 personal services base. About \$9,400 of the increase is attributable to annualizing the pay plan approved in HB 447 of the 2005 Legislature. The remaining \$42,100 is attributable to restoration of funding for vacancies not included in the base, salary or pay grade adjustments not included in the pay plan, and increases in the costs of employee benefits.

DP 2 - Computer Replacement – The executive recommends general fund increases of \$17,100 in FY 2008 and \$35,800 in FY 2009 for computer replacement in several programs of the Governor’s Office. This follows the state-standard policy of replacement/upgrade for computers every four years.

LFD COMMENT

The request is to replace 3 computers and one server in FY 2008 and 15 computers and one server in FY 2009. The program purchased 32 replacement computers in FY 2006 and anticipates replacing 17 units in FY 2007 using one-time-only appropriations.

New Proposals

New Proposals										
-----Fiscal 2008-----						-----Fiscal 2009-----				
Program	FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
DP 4 - Additional IT Support for Governor's Office										
06	1.00	70,232	0	0	70,232	1.00	70,254	0	0	70,254
Total	1.00	\$70,232	\$0	\$0	\$70,232	1.00	\$70,254	\$0	\$0	\$70,254

DP 4 - Additional IT Support for Governor's Office - The Centralized Services Program requests 1 FTE, personal services, and operating costs to provide IT support for its operations. This proposal adds a programmer/analyst position to provide support for web design, database design and maintenance for OPBB, support with templates for fiscal notes, and bill status and financial impact tracking.

The following information is provided so that the legislature can consider various performance management principles when examining this proposal. It is as submitted by the agency, with editing by LFD staff as necessary for brevity and/or clarity.

Justification –The Governor’s Office currently does not have staff to provide support for data analysis, web development, or computer software. This proposal would add a position that will assist the Governor’s Office in information technology needs and development. Current staff does not have the knowledge or skills for database development, web development, general information management, or high-level software support.

Goals: Provide the Governor’s Office with internal support for commercial software, design customized databases and other software applications, and provide tools for information analysis.

Performance Criteria:

- Identify critical information technology needs. Identify how processes are managed and how they can be improved to make the office more efficient within its limited resources.
- Do necessary program development to support office in areas such as:
 - Bill and legislation tracking
 - Fiscal note formats and tracking fiscal impact of bills
 - E-mail
 - Web services
 - Database management
 - Boards and commissions appointments tracking
 - Mental Disabilities Board of Visitors caseload and issue tracking
 - Executive Office correspondence tracking
- Identify office requirements for future information technology projects.

Milestones

December 2006 – Complete needs assessment.

March 2007 – Prioritize and develop tentative timeline.

Ongoing: - Project development.

FTE

We are requesting a 1.00 FTE Programmer Analyst position.

Funding:

General fund.

Obstacles:

We do not anticipate major obstacles to any efforts to streamline processes and make them more efficient. Staff training and training resources would be the only potential obstacle.

Risk:

If we add resources for this purpose, the office needs and requirements for IT solutions will again outpace the resources available.

**LFD
ISSUE**

Performance Criteria are not Time Framed

There are two issues relating to the performance management criteria provided above:

1. Performance criteria do not include specific measurements or time periods in which they would be accomplished;
and
2. The milestones are all for the 2007 biennium, and not for the 2009 biennium as required.

The legislature may wish to specify more specific performance measurements.

Program Proposed Budget

The following table summarizes the total legislative budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	3.94	0.00	0.00	3.94	0.00	0.00	3.94	3.94
Personal Services	244,018	30,084	0	274,102	30,287	0	274,305	548,407
Operating Expenses	43,310	4,434	0	47,744	5,693	0	49,003	96,747
Total Costs	\$287,328	\$34,518	\$0	\$321,846	\$35,980	\$0	\$323,308	\$645,154
General Fund	287,328	34,518	0	321,846	35,980	0	323,308	645,154
Total Funds	\$287,328	\$34,518	\$0	\$321,846	\$35,980	\$0	\$323,308	\$645,154

Program Description

The Office of the Lieutenant Governor is responsible for carrying out duties prescribed by statute established by Article VI, Section 4 of the Montana Constitution, as well as those delegated by the Governor. Statutory authority is Title 2, Chapter 15, part 3, MCA.

Program Narrative

The Office of the Lieutenant Governor 2009 biennium budget increases by \$70,498 over the FY 2006 base budget amount. Statewide present law adjustments account for the entire amount of the increase.

Program Highlights

Lieutenant Governor Program Major Budget Highlights	
♦	Statewide present law adjustments increase general fund each year of the biennium

Funding

This program is funded with general fund.

Program Funding Table 12 Lieutenant Governor's Office							
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009	
01000 Total General Fund	\$ 287,328	100.0%	\$ 322,314	100.0%	\$ 323,812	100.0%	
01100 General Fund	287,328	100.0%	322,314	100.0%	323,812	100.0%	
Grand Total	<u>\$ 287,328</u>	<u>100.0%</u>	<u>\$ 322,314</u>	<u>100.0%</u>	<u>\$ 323,812</u>	<u>100.0%</u>	

Present Law Adjustments

The "Present Law Adjustments" table shows the primary changes to the adjusted base budget proposed by the legislative council. "Statewide Present Law" adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments										
-----Fiscal 2008-----					-----Fiscal 2009-----					
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds	
Personal Services				37,538					37,745	
Vacancy Savings				(7,454)					(7,458)	
Inflation/Deflation				2,619					2,766	
Fixed Costs				1,815					2,927	
Total Statewide Present Law Adjustments				\$34,518					\$35,980	
Grand Total All Present Law Adjustments				\$34,518					\$35,980	

**LFD
COMMENT**

Personal services statewide present law adjustments increase by 15.4 percent over the FY 2006 personal service base. The increases are attributable to a combination of funding to restore base year vacancies, salary or pay grade adjustments for the staff, all of whom are exempt from the pay plan approved by 2005 Legislature, and increases related to increased benefit costs.

Program Proposed Budget

The following table summarizes the total executive budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	1.50	0.00	0.00	1.50	0.00	0.00	1.50	1.50
Personal Services	80,094	(3,267)	0	76,827	(3,229)	0	76,865	153,692
Operating Expenses	12,593	255	0	12,848	386	0	12,979	25,827
Total Costs	\$92,687	(\$3,012)	\$0	\$89,675	(\$2,843)	\$0	\$89,844	\$179,519
General Fund	72,229	(3,554)	0	68,675	(3,385)	0	68,844	137,519
State/Other Special	0	21,000	0	21,000	21,000	0	21,000	42,000
Federal Special	20,458	(20,458)	0	0	(20,458)	0	0	0
Total Funds	\$92,687	(\$3,012)	\$0	\$89,675	(\$2,843)	\$0	\$89,844	\$179,519

Program Description

The Citizens' Advocate Office (office) exists to provide access to state government for Montana citizens. The office provides information to citizens and functions as a referral service for public comments, suggestions, and requests for information. The office provides a toll-free number to the public.

Program Highlights

Citizens Advocate Office Major Budget Highlights	
◆	Funding decreases due to statewide present law adjustments

Funding

The following table shows program funding, by source, for the base year and for the 2009 biennium as recommended by the executive.

Program Funding Table Citizens' Advocate Office							
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009	
01000 Total General Fund	\$ 72,229	77.9%	\$ 68,675	76.6%	\$ 68,844	76.6%	
01100 General Fund	72,229	77.9%	68,675	76.6%	68,844	76.6%	
02000 Total State Special Funds	-	-	21,000	23.4%	21,000	23.4%	
02253 Citizen's Advocate State Special Re	-	-	21,000	23.4%	21,000	23.4%	
03000 Total Federal Special Funds	20,458	22.1%	-	-	-	-	
03001 Governors Office Federal Grnts	20,458	22.1%	-	-	-	-	
Grand Total	<u>\$ 92,687</u>	<u>100.0%</u>	<u>\$ 89,675</u>	<u>100.0%</u>	<u>\$ 89,844</u>	<u>100.0%</u>	

This program is funded with general fund and state special revenue funds in the 2009 biennium. The executive is requesting a funding switch from federal revenue to state special revenue. The Citizen's Advocate Office is the first point of contact for several Department of Health and Human Services (DPHHS) programs. The office tracks the number of calls received and the programs affected and bills the DPHHS programs for the services. The programs billed are frequently funded through federal grants. The office recorded these revenues as federal revenues. A recent legislative audit recommended the revenues be recorded as state special revenue as the federal designation does not apply to the revenues that the office receives.

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the Governor. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
Fiscal 2008					Fiscal 2009				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				(66)					(27)
Vacancy Savings				(3,201)					(3,202)
Fixed Costs				255					386
Total Statewide Present Law Adjustments				(\$3,012)					(\$2,843)
DP 9 - Funding Switch from Federal to State Special Reven									
0.00	0	21,000	(21,000)	0	0.00	0	21,000	(21,000)	0
Total Other Present Law Adjustments									
0.00	\$0	\$21,000	(\$21,000)	\$0	0.00	\$0	\$21,000	(\$21,000)	\$0
Grand Total All Present Law Adjustments				(\$3,012)					(\$2,843)

**LFD
COMMENT**

Statewide present law adjustments reduce the Citizen Advocate’s Office budget by 3.5 percent each year of the biennium. The reduction is the result of reclassifying the part-time position within the office to a lower salary grade.

DP 9 - Funding from 03 to 02 – The executive proposes switching the appropriation authority for the Citizens Advocate’s Office from federal special revenue to state special revenue. In a recent legislative audit the auditors recommended recording the revenue received from DPHHS as state special revenue rather than federal special revenue. This request would implement the audit recommendation.

Program Proposed Budget

The following table summarizes the total legislative budget proposal for this program by year, type of expenditure, and source of funding.

Program Proposed Budget								
Budget Item	Base Budget Fiscal 2006	PL Base Adjustment Fiscal 2008	New Proposals Fiscal 2008	Total Exec. Budget Fiscal 2008	PL Base Adjustment Fiscal 2009	New Proposals Fiscal 2009	Total Exec. Budget Fiscal 2009	Total Exec. Budget Fiscal 08-09
FTE	5.00	0.00	0.00	5.00	0.00	0.00	5.00	5.00
Personal Services	244,034	36,105	0	280,139	37,056	0	281,090	561,229
Operating Expenses	70,457	1,167	0	71,624	1,785	0	72,242	143,866
Total Costs	\$314,491	\$37,272	\$0	\$351,763	\$38,841	\$0	\$353,332	\$705,095
General Fund	314,491	37,272	0	351,763	38,841	0	353,332	705,095
Total Funds	\$314,491	\$37,272	\$0	\$351,763	\$38,841	\$0	\$353,332	\$705,095

Program Description

The Mental Disabilities Board of Visitors is charged with reviewing patient care at Montana's community mental health centers, and at the institutions for the mentally ill and the developmentally disabled. The board provides legal services for the residents at those institutions. The Governor appoints six board members. Statute defines the requirements for the members, including the number of professionals and their disciplines to be appointed. The board employs administrative and legal staff and contracts with medical professionals to carry out its responsibilities for patient representation and facility review. The Mental Disabilities Board of Visitors Program was created by the Developmental Disabilities Act of 1975 and the Mental Commitment and Treatment Act of 1975 and exists as a state mandate.

The Mental Health Ombudsman is also a part of this program. The ombudsman, appointed by the Governor for a four year term, represents the interests of individuals with regard to the need for public mental health services, including individuals in transition from public to private services.

Program Narrative

The 2009 biennial budget for the Mental Disabilities Board of Visitors Program increases \$76,113 over the FY 2006 base budget amount. Statewide present law adjustments make up the entire amount of the increases.

Program Highlights

Mental Disabilities Board of Visitors Major Budget Highlights	
◆	Statewide present law adjustments add approximately \$38,000 per year

Funding

This program is funded entirely with general fund.

Program Funding Table Mental Disabilities Bd V						
Program Funding	Base FY 2006	% of Base FY 2006	Budget FY 2008	% of Budget FY 2008	Budget FY 2009	% of Budget FY 2009
01000 Total General Fund	\$ 314,491	100.0%	\$ 352,465	100.0%	\$ 354,088	100.0%
01100 General Fund	314,491	100.0%	352,465	100.0%	354,088	100.0%
Grand Total	<u>\$ 314,491</u>	<u>100.0%</u>	<u>\$ 352,465</u>	<u>100.0%</u>	<u>\$ 354,088</u>	<u>100.0%</u>

Present Law Adjustments

The “Present Law Adjustments” table shows the primary changes to the adjusted base budget proposed by the legislative council. “Statewide Present Law” adjustments are standard categories of adjustments made to all agencies. Decisions on these items were applied globally to all agencies. The other numbered adjustments in the table correspond to the narrative descriptions.

Present Law Adjustments									
-----Fiscal 2008-----					-----Fiscal 2009-----				
FTE	General Fund	State Special	Federal Special	Total Funds	FTE	General Fund	State Special	Federal Special	Total Funds
Personal Services				47,807					48,797
Vacancy Savings				(11,702)					(11,741)
Inflation/Deflation				379					428
Fixed Costs				788					1,357
Total Statewide Present Law Adjustments				\$37,272					\$38,841
Grand Total All Present Law Adjustments				\$37,272					\$38,841

LFD COMMENT

Statewide present law increases are about \$38,000 each year of the biennium. Personal services increases account for the majority of the increase. Personal services statewide present law adjustments increase by 19.6 percent over the FY 2006 personal services base. Approximately \$13,600 of the increases are attributable to the annualization of the pay plan approved in HB 447 by the 2005 Legislature. The remaining \$34,200 in increases are attributable to a combination of funding to restore base year vacancies, salary or pay grade adjustments not included in the pay plan, and increases related to increased salary costs.